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THE SECURITY ASSISTANCE ACT OF 2000

JULY 20, 2000.—Ordered to be printed

Mr. HELMS, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 2901]

The Committee on Foreign Relations, having had under consideration an original bill (S. 2901) to authorize appropriations for security assistance for fiscal year 2001, and for other purposes, reports favorably thereon and recommends that the bill do pass.

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I. COMMITTEE ACTION

On March 23, 2000 the Committee unanimously ordered reported S. 2382, the Technical Assistance, Trade Promotion and Anti-Corruption Act of 2000. S. 2382 was reported and placed on the Senate Legislative Calendar on April 7, 2000, and subsequently referred to the Committee on Banking, Housing, and Urban Affairs pursuant to paragraph 1(j)(10) of rule XXV of the Standing Rules of the Senate on April 11, 2000. Paragraph 1(j)(10) of rule XXV of the Standing Rules of the Senate provides that, “at the request of the Committee on Banking, Housing, and Urban Affairs, any proposed legislation relating to [the International Monetary Fund] reported by the Committee on Foreign Relations shall be referred to the Committee on Banking, Housing, and Urban Affairs.” The Banking Committee has taken no action on S. 2382 as of the writing of this report.

On Wednesday, June 28, 2000, the Committee on Foreign Relations considered and unanimously approved by voice vote an origi-

nal bill based on Title VII of S. 2382, the Technical Assistance, Trade Promotion and Anti-Corruption Act of 2000.

II. SECTION-BY-SECTION ANALYSIS

The Committee notes that, during the past 10 years, the pool of money available for security assistance to United States allies and partners has decreased dramatically. At the same time, the number of countries with which the United States needs to engage, whether to combat proliferation or terrorism or to bolster regional security, has steadily increased. For instance, three countries of the former Warsaw Pact are now NATO members and receive both Foreign Military Financing and International Military Education and Training from the United States. Other countries which were once part of the Soviet Union itself are now free and independent, and enjoy important security relationships with the United States. An even larger number of countries, now free from the Soviet orbit, are also free to pursue closer military relationships with the United States. Thus, for instance, this bill makes Mongolia eligible for Department of Defense expenditures relating to excess defense articles for the first time in history.

The Committee is concerned that a steadily increasing number of countries are pursuing a relationship with the United States which is funded by a steadily decreasing amount of money. Additionally, 98 percent of the Foreign Military Financing (FMF) account is currently committed to just three countries as a result of various peace accord commitments. Even if the President's budget request is fully funded, only \$183,200,000 in FMF would actually be available for the United States to build security ties to the rest of the world. This bill seeks to arrest and reverse this decline. Section 101 authorizes an increase of \$89,000,000 in grant Foreign Military Financing over the President's budget request, and will bring the total amount of truly "discretionary" FMF spending to \$272,200,000. Even so, this will not return security assistance to 1990 spending levels.

Similarly, Section 201 fully funds the International Military Education and Training program to maximum course capacity. Section 301 consolidates all nonproliferation funding, except for assistance to the International Atomic Energy Agency, under a single funding line. In so doing, it will protect nonproliferation assistance from numerous foreign aid restrictions that govern the current appropriations process. This bill fully funds the President's request and authorizes funding for one additional, Committee-mandated nonproliferation and export control initiative in Malta and funds the International Science and Technology Centers (ISTC) program at maximum capacity. This bill will strengthen the hand of the newly-created Nonproliferation Bureau of the Department of State in shaping a coherent U.S. nonproliferation and export control policy. Likewise, the President's antiterrorism funding request is fully authorized, and the Committee has applied additional resources to ensure that the fledgling Terrorist Interdiction Program is funded in fiscal year 2001 at the same level as in fiscal year 2000.

In total, this bill authorizes \$3,894,000,000 in security assistance funding. This is an increase of \$119,000,000 over both fiscal year 2000 levels and the President's budget request for fiscal year 2001.

TITLE I—MILITARY AND RELATED ASSISTANCE

SUBTITLE A—FOREIGN MILITARY FINANCING PROGRAM

Sec. 101. Authorization of Appropriations

Section 101 authorizes \$3,627,000,000 for fiscal year 2001 for the Foreign Military Financing (FMF) Program. The administration request for fiscal year 2001 for FMF (grants and loans) is \$3,538,200,000. The actual level of FMF funding for fiscal year 2000 is \$3,420,000,000.

SUBTITLE B—OTHER ASSISTANCE

Sec. 111. Defense Drawdown Special Authorities

Section 111 increases the special drawdown authorities of defense articles and services from defense stocks, and for military education and training, to assist foreign countries from \$100 million to \$150 million.

Current law grants the President the authority to draw down from existing stocks within the Department of Defense to assist in emergencies or when he determines it is in the national interest. This section expands the authority by making nonproliferation and antiterrorism activities eligible for the special drawdown authorities relating to defense articles and services, and to military education and training, to assist foreign countries. The increase in financial authority is meant to allow for incorporation of nonproliferation and antiterrorism objectives without sacrificing the President's flexibility to respond to unforeseen emergencies and foreign policy objectives relating to combating international narcotics, international disaster assistance, and migration and refugee assistance.

Sec. 112. Increased Transport Authority

Section 112 raises the space available weight limitation that is imposed on the transportation of excess defense articles (EDA) from 25,000 pounds to 50,000 pounds.

Currently, a variety of limitations are imposed on the use of Department of Defense funds to transfer excess defense articles to foreign nations and international organizations. Moreover, even when such an expenditure is authorized, free transportation of EDA may only be provided on a space available basis if it is in the U.S. national interest to do so, the recipient nation is a developing nation which receives less than \$10,000,000 in FMF and IMET, and the weight of the items to be transferred does not exceed 25,000 pounds.

In limiting the weight of defense articles to no more than 25,000 pounds, current law will preclude the transportation of a large number of United States Coast Guard "self-righting" patrol craft which have recently been declared excess but which weigh approximately 33,000 pounds. Over the next four years, more than 50 of these vessels will be eligible for transfer to foreign nations under the EDA program. However, the current weight limitation will preclude shipment of the vessels on a space available basis to foreign countries. This, in turn, will increase the cost of transfer of the defense article to would-be recipients, and likely would cause many nations to decline U.S. offers of these vessels. As a result, the

United States Coast Guard could incur unnecessary expenses due to delays in finding foreign recipients of the craft, and possibly be forced to demilitarize vessels for whom a foreign customer could not be secured. Raising the weight limit to 50,000 pounds will obviate this problem.

TITLE II—INTERNATIONAL MILITARY EDUCATION AND TRAINING

Sec. 201. Authorization of Appropriations

Section 201 authorizes \$65,000,000 to carry out international military education and training (IMET) of military and related civilian personnel of foreign countries. The administration request for fiscal year 2001 for IMET is \$55,000,000. The actual level of IMET funding for fiscal year 2000 is \$50,000,000. IMET is provided on a grant basis to students from allied and friendly nations, and is designed to expose foreign students to the U.S. professional military establishment and the American way of life, including the U.S. regard for democratic values, respect for individual and human rights and belief in the rule of law. Section 201 authorizes funding of the IMET program at its maximum capacity. Funding beyond this level cannot be absorbed due to limitations in number of courses and classes.

Sec. 202. Additional Requirements Relating to International Military Education and Training

Section 202 amends Chapter 5 of part II of the Foreign Assistance Act of 1961, relating to International Military Education and Training (IMET), by adding two new requirements. First, selection of foreign personnel for the IMET program will be done in consultation with United States defense attaches, who are uniquely positioned to recommend candidates. The Committee is concerned to note that defense attaches are, on occasion, excluded from this process. By mandating consultation, the Committee intends to secure the complete involvement of defense attaches in nominating individuals for the IMET program. Naturally, selection of foreign personnel, and overall management of the IMET program remain the responsibility of the Department of State.

Section 202 also requires that the Secretary of Defense develop and maintain a database containing records on each foreign military or defense ministry civilian participant in education and training activities conducted under this chapter after December 31, 2000. This record shall include the type of instruction received, the dates of such instruction, whether it was completed successfully, and, to the extent practicable, a record of the person's subsequent military or defense ministry career and current position and location. The Committee expects that the record of a person's subsequent career will include positions held, reports of exceptional successes or failures in those positions, and any credible reports of involvement in criminal activity or human rights abuses. The Committee believes that such a database will improve the effectiveness of foreign military education and training activities by enabling the Department of Defense to better determine: what follow-up training may be most appropriate for previously trained personnel; which courses are most effective in improving the performance of

foreign military personnel; and where personnel are located in foreign defense establishments who, by virtue of their prior training, are most likely to understand U.S. modes of operation and share U.S. standards of military professionalism.

TITLE III—NONPROLIFERATION AND EXPORT CONTROL ASSISTANCE

Sec. 301. Nonproliferation and Export Control Assistance

Every major category of U.S. foreign assistance, except for nonproliferation and export control assistance, is governed under multiple sections, or entire chapters, of the Foreign Assistance Act of 1961 (FAA). The FAA contains chapters authorizing international narcotics control, military assistance, peacekeeping operations, antiterrorism assistance, IMET, development assistance, and funding for international organizations, to name a few.

Although the President has declared a state of national emergency to combat the proliferation of weapons of mass destruction and associated delivery systems, the FAA does not contain a specific chapter to authorize and direct such a clearly important form of U.S. foreign aid. Funding for the nonproliferation and export control activities of the Department of State derives from a variety of disparate authorizations passed at various times. As a result, this category of funding does not enjoy the same status as other types of foreign assistance. Appropriation of funds for nonproliferation and export control activities is cobbled together annually by the Appropriations Committee under a catch-all account that also includes demining and contributions to certain international organizations. Thus the Department of State is invariably forced to make “trade-offs” between nonproliferation and export control funding and funding for other activities. Finally, other nonproliferation and export control funding is contained within the amounts appropriated for the “newly independent” states of the former Soviet Union, and is thus subject to restrictions if the President cannot certify that Russia is not proliferating technology to Iran (which he has, to date, been unable to do).

By adding a new chapter to Part II of the FAA, the Committee intends U.S. nonproliferation and export control assistance to be given equal stature with other authorized activities. The Committee expects the Department of State, in the future, to consolidate all of its nonproliferation funding, except for funding for the International Atomic Energy Agency (which is governed by a separate authorization under the FAA), into a single, integrated request to be authorized under Chapter 9 of the FAA. The Committee further expects that the Nonproliferation Bureau of the Department of State will be given authority over the use of funds authorized by this chapter.

The new chapter to the FAA incorporates existing authorities under Sections 503 and 504 of the FREEDOM Support Act (which are the principal extant authorities for nonproliferation and export control activities). The new sections 581 and 582 carry forward those authorities, but also emphasize the need for programs to bolster the indigenous capabilities of foreign countries to monitor and interdict proliferation shipments. Section 583 directs the President to ensure that sufficient funds are allocated to the transit interdic-

tion effort. To this end, the section contains authority for the Secretary of State to establish a list of countries that should be given priority in U.S. transit interdiction funding. The Committee suggests that the initial designation of the transit country list include those countries mentioned in the fiscal year 1999 Congressional presentation document as “key global transit points” (e.g. the countries of Central Asia and the Caucasus), the Baltics, Central and Eastern Europe, Singapore, Hong Kong, Taiwan, Cyprus, Malta, Jordan, and the UAE).

Section 584, which will be part of the new chapter of the FAA, makes clear that two of the same limitations which apply to antiterrorism assistance also apply to nonproliferation and export control assistance. Section 584 permits the use of unrelated accounts to furnish services and commodities consistent with, and in furtherance of, Chapter 9 of the FAA. However, it requires that the foreign nation receiving such services or commodities pay in advance for the item or service, and that the reimbursement be credited to the account from which the service or commodity is furnished or subsidized. Foreign Military Financing may not be used to make such payments. Section 584 also makes clear that Chapter 9 does not apply to information exchange activities conducted under other authorities of law.

Section 585 authorizes \$129,000,000 for activities conducted pursuant to Chapter 9 of the FAA. This amount captures several activities currently appropriated within the Nonproliferation, Anti-Terrorism, Demining, and Related Programs Account, and the FREEDOM Support Act Assistance for the New Independent States (NIS) of the Former Soviet Union. The covered programs, at the administration’s requested levels of funding for FY2001, are: \$15,000,000 for the Nonproliferation and Disarmament Fund; \$14,000,000 for Export Control Assistance; \$45,000,000 for the Science Centers; and \$36,000,000 in NIS export control and border assistance funding. The administration request for fiscal year 2001 thus totals \$110,000,000 for all Chapter 9 authorized activities.

The Committee’s increase of \$19,000,000 above the administration’s requested levels is intended to support two Committee initiatives contained in sections 303 and 304. Specifically, this increase supports funding of the International Science and Technology Centers at maximum capacity (which requires an additional \$14,000,000); and establishment of a static cargo x-ray facility in Malta as the first of the transit interdiction programs to be managed under the new authorities of the FAA (a \$5,000,000 program).

Sec. 302. Nonproliferation and Export Control Training in the United States

Section 302 authorizes the expenditure of \$2,000,000 in nonproliferation and export control funding for the training and education of personnel from friendly countries in the United States. The Department of State already engages in a vigorous training program, and funds numerous activities which are implemented by Department of Commerce personnel. However, much of this training is conducted overseas. The Committee urges the Department of State to place emphasis on bringing a select group of officials from friendly governments back to the United States to engage in an intensive training program which draws upon the expertise of all rel-

evant U.S. government agencies. This training should focus on those nonproliferation and export control activities which would most benefit from being conducted in the United States. Finally, the Committee is concerned with declining travel and training budgets of U.S. government agencies tasked with combating proliferation. The Committee hopes this trend will be arrested, but urges the Department of State, in the interim, to seek to offset the effects of this decline using the funds authorized under this section.

Sec. 303. Science and Technology Centers

Section 303 authorizes \$59,000,000 in nonproliferation and export control funding for the Department of State's international science and technology centers. The administration request for fiscal year 2001 is \$45,000,000. The actual level of funding for fiscal year 2000 is \$59,000,000. The Committee expects that this not only will fully fund all ongoing activities at these centers, but will allow a significant expansion in the number of research grants offered to Russian scientists formerly employed in the development of missiles and chemical and biological warfare programs.

Section 303 also expresses the view of the Committee that frequent audits should be conducted of entities receiving ISTC funds. This will be necessary in light of the administration's interest in expanding the role of the ISTC to provide funds to redirect the expertise associated with the Soviet Union's biological warfare program. U.S. obligations under the Chemical and Biological Weapons Convention, as well as under domestic law (e.g., P.L. 106-113), prohibit the furnishing of assistance to offensive biological warfare programs. It thus is essential that the United States audit entities that receive assistance to ensure that the United States is not contributing, albeit unknowingly, to an offensive biological warfare program (or to entities that are proliferating technology to rogue states). Moreover, the obligation to conduct audits should be spread equitably throughout the United States Government.

Sec. 304. Trial Transit Program

Section 304 authorizes \$5,000,000 in nonproliferation and export control funding to establish a static cargo x-ray facility in Malta, provided that the Government of Malta first gives satisfactory assurances that Maltese customs officials will engage in random cargo inspections of container traffic passing through the Malta Freeport, and will utilize the x-ray facility to examine random shipping containers.

Malta is the ideal location for a trial transit interdiction program. The country's location, along one of the busiest trade routes in the world, has made it a crucial shipping center. The Malta Freeport is ideally situated as a redistribution point, linking trade between Europe, Africa, the Middle East, and Asia. For instance, direct shipments from the Black Sea to Malta take less than 15 days. From various ports in Europe, Russia, and Asia, large cargo vessels offload their containers into the Freeport. The containers are then stored temporarily and are reloaded onto smaller "feeder" vessels which service ports in North Africa, including Libya.

The Freeport went into operation in April, 1990. According to Maltese Freeport documents, that year alone, 231 vessels offloaded 94,500 containers. Since that time, the volume of activity at the

port has steadily increased. In 1996, the number of ships calling at the Freeport reached 1,383. Nearly 600,000 containers transited the facility that year. For 1999, according to a January 10, 2000 article in a Maltese daily newspaper, 1,464 container ships utilized the Freeport. At this time, estimates of container traffic are not available to the Committee, but presumably the number well exceeded half a million.

The steadily rising level of container traffic in the Freeport is noteworthy. The volume can be expected to increase if plans to further expand the port's services are implemented, thereby making one of the world's largest deepwater ports all the more robust.

The Malta Freeport Act, which establishes the Freeport as a legally separate entity from Malta proper, creates specific proliferation concerns. Currently the Freeport has its own Minister, and customs functions have been conferred upon the Freeport Authority which he oversees. Maltese Customs does not receive information on transshipments, and may not operate in the Freeport without permission. While the Freeport has never refused such a request, the fundamental lack of transparency, and the inability of Maltese customs to conduct random inspections, means that effective export enforcement is impossible at this time.

The Committee is concerned with this situation since Malta is undeniably being used as a transit point by various entities engaged in weapons proliferation. For example, in one instance of excellent cooperation between the Freeport and Maltese Customs officials, a shipment of chemical warfare precursor chemicals was seized. Similarly, the United Kingdom recently uncovered a massive shipment of missile parts slated for air delivery to Libya via Malta. While this latter incident did not involve the Freeport, it nevertheless is further evidence that various countries are seeking to use Malta as a transit point for deliveries of dangerous commodities to North Africa.

The Committee notes that Maltese-U.S. relations have steadily improved over the past several years. The Government of Malta has demonstrated a genuine commitment to nonproliferation and bolstering its export control capability. Therefore the Committee favors initiation of a trial transit program with Malta, provided that the Maltese Government takes the necessary steps to render this program viable (namely, by opening the Freeport to periodic, random inspections by Maltese Customs officials). The Committee hopes that this program, if successful, might serve as a model for programs in other designated transit countries.

Sec. 305. Exception to Authority to Conduct Inspections Under the Chemical Weapons Convention Implementation Act of 1998

The Chemical Weapons Convention, which was approved by the Senate in 1997, has an extensive inspection regime which allows potentially intrusive inspections of chemical companies in the United States. The Senate was concerned about the threat posed to business proprietary information during the course of an inspection. As a result, the Chemical Weapons Convention Implementation Act of 1998 imposes a requirement that a special agent of the Federal Bureau of Investigation (FBI) accompany every inspection conducted in the United States.

However, there is minimal benefit to the FBI's monitoring of inspections at chemical destruction sites. Such inspections pose little risk to national security or trade secrets and—because of their lengthy duration—a constant FBI presence would be expensive to maintain. This section gives the FBI an exemption from the requirement to be present at inspections of U.S. chemical destruction facilities.

TITLE IV—ANTITERRORISM ASSISTANCE

Sec. 401. Authorization of Appropriations

Section 401 authorizes \$73,000,000 in antiterrorism assistance for fiscal year 2001. The administration request for anti-terrorism assistance for fiscal year 2001 is \$72,000,000 (including the request for the Terrorist Interdiction Program (TIP)). The actual level of funding for fiscal year 2000, including the TIP, is \$38,000,000.

TITLE V—INTEGRATED SECURITY ASSISTANCE PLANNING

SUBTITLE A—ESTABLISHMENT OF A NATIONAL SECURITY ASSISTANCE STRATEGY

Sec. 501. National Security Assistance Strategy

Section 501 requires the annual preparation of a National Security Assistance Strategy (NSAS) to be submitted in connection with the annual foreign operations budget request.

The purpose of the NSAS is to establish a clear and coherent multi-year plan, on a country by country basis, regarding U.S. security assistance programs. The current process utilized by the United States Government is entirely insufficient and is run on an ad hoc basis. Seldom is a thoroughly researched, thoroughly justified proposal for security assistance put forward to the Committee. This, in turn, has encouraged parallel Congressional initiatives and earmarks which often are put forward with a comparable level of foresight and planning. As a result, it seems that the Political-Military Affairs Bureau of the Department of State does not currently possess sufficient control over the allocation of security assistance funds, despite its clear mandate to manage these programs (except for nonproliferation assistance).

Currently there is no clearly articulated organizing principle for U.S. military assistance. Nor is there a coherent set of benchmarks, or measurements, against which the success of individual programs with various countries can be measured. As a result, military assistance funding proposals are often vague and seemingly unjustified. For instance, the most recent Congressional presentation documents justify the provision of FMF for Southeast Europe as “contributing to regional stability in Southeast Europe by promoting military reform.” No further elaboration is given. It is hardly surprising, in light of this sort of justification, that the administration's security assistance requests seldom are fully funded by Congress.

The Committee expects the Department of State to transform fundamentally the way that the United States conceptualizes security assistance. Utilizing a model more akin to the Department of Defense's planning process, the Department of State is expected to pull together a comprehensive five year plan, which will evolve on

an annual basis, setting forth a specific programmatic objective for each country and explaining how the requested funds will accomplish that objective. Additional, secondary objectives are to be added as necessary. The Committee believes that the plan for each country should be developed at the U.S. mission level, and should be coordinated by the Department of State with all relevant U.S. government agencies with a role in U.S. security assistance programs. The bottom-up document that results is then to be coordinated with the top-down policy guidance set forth in the National Security Strategy of the United States, and by the Secretary of State (in coordination with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff).

The Committee expects the resultant document to be a comprehensive National Security Assistance Strategy which provides a robust, detailed justification for security assistance funding that is requested. Rather than the current process, which yields unclear and unmeasurable objectives for U.S. security assistance programs, it is expected that the NSAS process will ensure that the type and amount of assistance given a country is determined programmatically. Progress can thus be measured by the administration and the Congress. In turn, the Committee anticipates that such an initiative, led by the Political-Military Affairs Bureau of the Department of State, will substantially improve Congressional understanding of the administration's initiatives and bolster Congressional support for the President's military assistance request.

Sec. 502. Security Assistance Surveys

Section 502 authorizes the use of \$2,000,000 in Foreign Military Financing to conduct security assistance surveys in foreign countries for the purpose of preparing the National Security Assistance Strategy required pursuant to Section 501.

SUBTITLE B—ALLOCATIONS FOR CERTAIN COUNTRIES

Sec. 511. Security Assistance for New NATO Members

Section 511 authorizes \$35,000,000 in grant FMF and \$7,000,000 in IMET funding for the three new NATO members (e.g. the Czech Republic, Hungary, and Poland). The administration request for fiscal year 2001 for these three countries is \$30,300,000 in grant FMF and \$5,100,000 in IMET funding. The actual level of grant FMF funding for the three for fiscal year 2000 is \$22,000,000. The actual level for IMET funding for fiscal year 2000 is \$4,570,000.

Section 511 also directs the President to give priority to supporting the objectives set forth by the Senate in its resolution of ratification for the protocols adding the three new NATO members. Specifically, the Committee expects the administration to ensure that FMF and IMET funding is used to support the ability of Poland, Hungary, and the Czech Republic to fulfill their collective defense requirements under Article V of the Washington Treaty. The Committee also expects the administration to use the additional funds provided to expand U.S. efforts to improve the ability of these countries to protect themselves from hostile foreign intelligence services.

Sec. 512. Increased Training Assistance for Greece and Turkey

Section 512 authorizes \$1,000,000 in IMET funding for Greece and \$2,500,000 in IMET funding for Turkey for fiscal year 2001. The administration request for IMET for fiscal year 2001 is \$25,000 for Greece and \$1,600,000 for Turkey. The actual level of IMET funding for Greece for fiscal year 2000 is \$25,000. For Turkey, the actual level of IMET funding for fiscal year 2000 is \$1,500,000.

The Committee is encouraged by numerous indications of a warming in Greek-Turkish relations. This improvement has manifested itself in several ways, ranging from Greek agreement to Turkish candidacy for membership in the European Union to the large number of bilateral agreements that have recently been signed during reciprocal visits of foreign ministers (including agreements on transportation, tourism, cultural heritage, and customs issues). In the interest of bolstering this process the Committee authorizes a substantial increase in funds for International Military Education and Training (IMET).

It is the Committee's expectation that the administration will use these additional funds to support the process of rapprochement between Greece and Turkey. Specifically, the Committee urges the administration to ensure that \$1,000,000 of the additional resources, evenly divided between the two countries, is used for joint professional military education of Greek and Turkish officers. The Committee notes that this type of training will build personal relationships between the militaries of these two important NATO allies, and will reinforce the process that is already underway.

Sec. 513. Minimum Allocation for Egypt and Israel

Section 513 authorizes \$1,980,000,000 in grant FMF for Israel and \$1,300,000 in grant FMF for Egypt for fiscal year 2001. This corresponds to the administration request for fiscal year 2001. The actual level of grant FMF funding for fiscal year 2000 is \$3,120,000 for Israel (including the Wye Supplemental) and \$1,325,000 for Egypt (including the Wye Supplemental). In addition, this section directs that FMF funds for Israel for fiscal year 2001 be disbursed not later than 30 days after enactment of this Act or on October 31, 2000, whichever is later. To the extent that Israel makes a request, FMF funds shall, as agreed by Israel and the United States, be available for advanced weapons systems. Not less than 26.3 percent of such funds can be used for procurement in Israel of defense articles and defense services, including research and development. The Committee expects that Israel's annual aid package will be provided under the usual terms, including early disbursement of both the ESF and FMF, offshore procurement of at least 26.3% of its military aid, and that the aid be provided in the form of a grant.

Sec. 514. Security Assistance for Certain Countries

Section 514 provides individual authorizations of grant FMF and IMET funding for ten countries. Specific authorizations are detailed on the following two charts:

GRANT FOREIGN MILITARY FINANCING

Country	Authorized for FY2001	Administration Request for FY2001	Actual for FY2000
Estonia	¹ \$6,500,000	\$6,350,000	\$4,000,000
Latvia	¹ 6,500,000	5,350,000	4,000,000
Lithuania	¹ 7,500,000	6,500,000	4,400,000
Philippines	5,000,000	2,000,000	1,000,000
Georgia	5,000,000	4,500,000	3,000,000
Malta	1,000,000
Slovenia	4,000,000	3,500,000	2,000,000
Slovakia	8,400,000	8,400,000	2,600,000
Romania	11,000,000	11,000,000	6,000,000
Bulgaria	8,500,000	8,500,000	4,800,000

¹Section 514 authorizes an aggregate total of \$20,500,000 in grant FMF for the three Baltic countries, but does not provide individual authorizations within that total. Thus this is the recommended apportionment.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Country	Authorized for FY2001	Administration Request for FY2001	Actual for FY2000
Estonia	¹ \$1,250,000	\$800,000	\$700,000
Latvia	¹ 1,250,000	750,000	700,000
Lithuania	¹ 1,500,000	750,000	700,000
Philippines	1,500,000	1,400,000	1,400,000
Georgia	1,000,000	475,000	400,000
Malta	1,000,000	100,000	100,000
Slovenia	1,000,000	700,000	650,000
Slovakia	1,000,000	700,000	650,000
Romania	1,500,000	1,300,000	1,100,000
Bulgaria	1,200,000	1,100,000	1,000,000

¹As in the case of FMF, Section 514 authorizes an aggregate total of \$4,000,000 in IMET for the three Baltic countries, but does not provide individual authorizations within that total. Thus this is the recommended apportionment.

Sec. 515. Border Security and Territorial Independence

Section 515 provides an integrated authorization of security assistance funds for the GUUAM countries (e.g. Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova) and Armenia. Specifically, Section 515 authorizes a package of \$20,000,000 in grant FMF, \$10,000,000 in nonproliferation and export control assistance, \$5,000,000 in IMET funding, and \$2,000,000 in antiterrorism assistance.

These funds must be expended in accordance with the individual requirements of their respective accounts. Thus, for instance, the \$20,000,000 in grant FMF may only be utilized for activities authorized in connection with the FMF program. Likewise, nonproliferation and export control funds must be spent on the objectives set forth under Chapter 9 of the Foreign Assistance Act of 1961. Similar restrictions apply to the other authorized forms of security assistance. Thus, as assistance to Azerbaijan under this section is still subject to section 907 of the FREEDOM Support Act, such assistance may be provided only for antiterrorism or nonproliferation and export control purposes.

The funds authorized under Section 515, totaling \$37,000,000, must be spent for the purpose of assisting the GUUAM countries and Armenia in strengthening control of their borders, and for the

purpose of promoting the independence and territorial sovereignty of these countries. These funds also are specifically authorized, pursuant to Section 499C of the Foreign Assistance Act of 1961, for the purpose of enhancing the abilities of the national border guards, coast guard, and customs officials of the GUUAM countries and Armenia to secure their borders against narcotics trafficking, proliferation, and transnational organized crime. The Committee intends that funds authorized by this section be used in Uzbekistan solely for nonproliferation purposes.

Finally, it bears emphasizing that the Committee strongly supports the cooperation on political, security, and economic matters promoted and facilitated through the GUUAM group. The United States should promote these endeavors as part of its strategy to help these states consolidate their independence and strengthen their sovereignty, to help resolve and prevent conflicts in their respective regions, and to promote democracy and human rights. In addition, the Committee strongly supports political, security, and economic cooperation between the United States and Armenia.

TITLE VI—OTHER PROVISIONS

Sec. 601. Utilization of Defense Articles and Services

Section 601 amends Section 502 of the Foreign Assistance Act of 1961 to make clear that defense articles and services may be furnished by the United States to foreign nations for antiterrorism or nonproliferation purposes (in addition to other currently authorized purposes).

Sec. 602. Sense of the Senate Regarding Excess Defense Articles

Section 602 calls on the President to sell more defense articles, rather than merely give them away, using the authority provided under Section 21 of the Arms Export Control Act. It urges the President to use the flexibility afforded by Section 47 of that Act to determine the “market value” of Excess Defense Articles and to sell such items at a price that can be negotiated. When the Department of Defense uses too rigid a definition of “market value,” and that price cannot be commanded, the item is instead transferred on a “grant” basis pursuant to Section 516 of the Foreign Assistance Act of 1961, thereby forgoing revenues. This section encourages the Department of Defense to ascertain the “market value” on the basis of local market conditions rather than solely on the basis of a generic formula applied by the Department of Defense for accounting purposes.

Sec. 603. Sense of the Senate

On May 24, 2000, the Secretary of State announced seventeen initiatives (collectively known as the Defense Trade Security Initiative, or DTSI) designed to reform the manner in which the United States regulates trade in weapons and sensitive technology. The Committee, which was not consulted in a timely fashion on the Defense Trade Security Initiative, nevertheless welcomes most of the proposed changes to the International Traffic in Arms Regulation (ITAR). These changes, ranging from greater flexibility in licensing of commercial arms sales to the establishment of a robust common database, are long overdue. Indeed, several of the initiatives mirror

recommendations made by the Committee at various times. Accordingly, the Committee will support many of the seventeen measures, which will make U.S. defense companies more competitive in the global market.

Under Article 1, Section 8, of the United States Constitution, the Congress possesses sole constitutional authority to “regulate Commerce with foreign Nations.” The President may only engage in such an exercise to the extent he has been authorized to do so by the Congress. Most of the seventeen DTSI measures, which clearly relate to the regulation of commerce, have been implicitly authorized in advance by Congress. The Arms Export Control Act (AECA) requires the President to administer export controls for certain commodities and also contains a measure of flexibility, allowing the President to alter export control requirements through regulatory changes. Indeed, numerous regulatory modifications have been made using this authority. Thus the constitutionality of a regulatory change to implement many of the proposed initiatives is well established.

For several years, the United States has, under Section 38(b)(2) of the AECA, permitted unlicensed trade in defense articles and defense services with Canada. This practice, popularly called the “Canada exemption,” has been supported by Congress in light of the unique defense trade relationship between the United States and Canada. In a June 28, 2000, letter to Chairman Helms, the Secretary of Defense stated an intent “to negotiate a Canada-style exemption to the ITAR with the U[nited] K[ingdom] and Australia.”

But the Congress has hardly encouraged broadening this exemption to other countries. On the contrary. On March 16, 2000, in a letter to the Secretary of State, the Chairmen and ranking members of the Senate Committee on Foreign Relations and the House Committee on International Relations—the two Congressional Committees with sole jurisdiction over the AECA and regulation of defense trade—expressed concern about expanding the Canadian exemption:

The existing Canadian exemption should not be viewed as a useful model or precedent for exemptions for other allies. It exempts defense articles and services that will remain in Canada for its use, or be returned to parent corporations in the U.S. for further export. It is only justified because of the integration of our defense industries (with most recipients of defense articles and services in Canada being subsidiaries of U.S. companies) and because our neighbor to the north was historically expected to prompt fewer law enforcement problems due to license free exports. Other allies, on the other hand, need U.S. technologies to incorporate into their defense items and for re-export.

The Canada exemption is a unique one, based on an intertwined defense industrial base, a close law enforcement relationship, and geographical considerations. These same considerations do not apply to either the United Kingdom or Australia (to say nothing of other countries), despite the close military, intelligence, and law enforcement relationships that the U.S. government has with the

governments in London and Canberra. For instance, defense commodities being shipped between the United States and Canada are far less susceptible to diversion than items shipped longer distances on cargo vessels which must make multiple port calls before arriving in the final port of destination. Moreover, unlike the case in Canada, many major U.K. defense companies are now jointly partnered with other European firms.

For these reasons and others, the Secretary of State and the Attorney General raised serious questions about how a Canada-like exemption would affect U.S. export controls and law enforcement efforts. Their concerns turned, in short, on the fact that elimination of a licensing requirement for various weapons and defense commodities would remove an important law enforcement capability for the United States, placing heightened reliance upon the United Kingdom and Australia to stop diversions of U.S. equipment and to provide the type of evidence needed to prosecute violations of the AECA.

In his June 28, 2000 letter, the Secretary of Defense assured the Chairman that the licensing exemption for certain countries would need to be accomplished through "legally binding agreements to ensure their export control and technology security regimes are congruent to our own. In exchange for these ironclad arrangements, we are prepared to offer an exemption to the ITAR similar to that long-provided to Canada."

The Committee is pleased to note this emphasis on codifying any broad ITAR exemption in a legally-binding agreement. As the Department of State noted in connection with the START Treaty: "An undertaking or commitment that is understood to be legally binding carries with it both the obligation to comply with the undertaking and the right of each Party to enforce the obligation under international law." This right of enforcement is of singular importance in this case, because noncompliance with the undertaking presumably could result in the diversion of United States weaponry or technology.

Disturbingly, the initiative to provide license-free trade to various countries would seem to depend upon the operation, albeit enhanced, of domestic export control laws in such countries. As such, the initiative is very much at risk of being codified in a format that is not legally binding. Care must be taken, therefore, to craft the obligations of both parties in a manner which preserves the legally-binding nature of the agreement.

The Committee expects to exercise close oversight of any agreements reached with foreign nations that provide for unlicensed trade in defense articles and defense services. The Committee reserves judgment on whether any agreements contemplated with the United Kingdom or Australia in this area should be undertaken in an executive agreements or in a treaty subject to advice and consent of the Senate. The Committee expects, as stated in Section 603, that the Secretary of State will consult with the Committee as to whether the DTSI licensing exemption for various countries should be codified as a treaty. Were the Secretary of State to conclude bilateral treaties with the United Kingdom and Australia to achieve the objectives set forth under the DTSI initiative, the Committee would anticipate the earliest possible consideration of such important measures. Alternatively, the Committee has the option

of amending Section 38(b)(2) of the AECA to limit the President's flexibility to approve unlicensed trade—with Canada or any other nation.

Sec. 604. Additions to United States War Reserve Stockpiles for Allies

Pursuant to Section 514 of the Foreign Assistance Act of 1961, as amended, the Department of Defense can make additions to the War Reserve Stockpiles for Allies stockpiles only as periodically provided for in legislation. For fiscal year 2000, the President requested authority to make additions to stockpiles in South Korea (\$40,000,000) and Thailand (\$20,000,000). The Committee provided this authority under Section 1231 of the "Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001" (P.L. 106–113).

For fiscal year 2001 the Department of Defense has asked for an additional \$50,000,000 authorization for the Korean program. Section 604 provides this authority for fiscal year 2001.

Sec. 605. Transfer of Certain Obsolete or Surplus Defense Articles in the War Reserve Stockpiles for Allies to Israel

Periodically the Department of Defense requests authorization to transfer defense articles out of War Reserve Stockpiles to the host country in question. The defense articles are to be sold to the host nation. The Committee provided similar authority to make such transfers to South Korea and Thailand pursuant to Section 1232 of the "Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001" (P.L. 106–113).

Sec. 606. Stinger Missiles in the Persian Gulf Region

Section 606 permits the replacement, on a one-for-one basis, of Stinger missiles possessed by Bahrain and Saudi Arabia that are nearing the scheduled expiration of their shelf-life.

Sec. 607. Excess Defense Articles for Mongolia

The Committee supports the furnishing by grant of excess defense articles (EDA) and services to Mongolia. Unfortunately, given the weak nature of its national economy, which has led to difficulty in funding its military budget, Mongolia cannot afford the cost of packing, crating, handling, and transportation of EDA, even if the EDA itself is provided at no cost. Section 607 provides the Department of Defense with the authority to absorb the costs of transporting EDA to Mongolia, thereby allowing the receipt of much needed equipment. However, the Committee intends to continue the practice of requiring from the Department of Defense a detailed description of such costs in each proposed transfer. Were such costs to grow beyond a reasonable level, the Committee's continued support for such authorities would be jeopardized.

Sec. 608. Space Cooperation with Russian Persons

Section 608 amends the Arms Export Control Act, provides for increased reporting and certification to Congress, and expands the ability of the President to regulate missile-related cooperation by providing him with the discretionary authority to terminate contracts in the event that he determines that a violation of the MTCR

sanctions law (Section 13(a)(1) of the Arms Export Control Act) has occurred.

Currently, Chapter 7 of the Arms Export Control Act imposes mandatory sanctions on proliferating entities. However, those sanctions apply only to prospective licenses and contracts. The authority does not exist, within Chapter 7, to terminate an existing license in the event that an individual has been discovered to have proliferated missile technology subsequent to the granting of the license. This deficiency became apparent in discussions with the administration regarding the proposed co-production arrangement between Lockheed Martin and a Russian rocket-engine firm, NPO Energomash. Concerns had arisen regarding Energomash due to reports that UNSCOM had determined that the Russian firm may have been seeking to violate the U.N. sanctions and embargo on Iraq and work with the Iraqi missile program. Similarly, press accounts and testimony before Congress have suggested that Energomash-designed engines are present in Iran, although those engines could have come from a multiplicity of sources.

Despite these concerns, the Administration elected to proceed with Congressional notification of the co-production arrangement, as it will help ensure U.S. military satellite launch capabilities. In responding to Committee inquiries regarding the Administration response should the aforementioned transfers be shown to have occurred (thus subjecting Energomash to MTCR sanctions), the Assistant Secretary of State for Political-Military Affairs noted that the provisions of Section 42 of the AECA (which is a general authority to suspend, terminate, or amend U.S. Government authorization for defense transfers) would need to be employed in this case since no specific retroactive termination authority exists within the actual sanctions law. Section 608 provides that missing authority to the President, should he choose to utilize it. It is important to underscore that this authority is completely discretionary.

Section 608 also requires the President to make an annual certification to the Committee that various Russian space and missile entities doing business with the United States are not suspected of contributing to Iran's MTCR-class ballistic missile program at any time since January 1, 2000. These certifications must be made annually for the first five years of a license between a U.S. firm and a Russian entity. However, there is no penalty in the event that a certification cannot be made (presumably because suspicion has arisen). The MTCR sanctions law only operates in the event that the President makes a formal determination that a transfer, or a conspiracy to transfer, occurred. In short, the certification required under Section 608 does not go beyond the annual report that the President is required to submit to Congress under the Iran Non-proliferation Act of 2000. It is nevertheless useful because it will ensure that the Department of State continues to focus on Russian entities doing business with the United States. This provision is also intended to encourage U.S. companies working with Russian space entities to maintain pressure on their counterparts not to proliferate technology to Iran.

Finally, Section 608 rectifies an unintended reporting loophole in the Arms Export Control Act that resulted from amendments to integrate the Arms Control and Disarmament Agency within the Department of State and a subsequent decision by the Department of

State on licensing technical exchanges and brokering services under Section 36 of the AECA. Specifically, for MTCR-related transfers governed under Section 36(b) and (c) which fall below the Congressional notification threshold, the administration currently must nevertheless submit a report to the Committee explaining the consistency of such a transfer with U.S. MTCR policy. However, MTCR-related licenses covered by Section 36(d) which fall below the notification threshold are not captured fully by this reporting requirement. Section 608 rectifies this problem, and ensures that MTCR-related transfers of both Category I and Category II components and systems are covered under the reporting requirement.

Sec. 609. Assistance for Israel

Section 609 sets into place the phase out of annual U.S. Economic Support Funds to Israel. Beginning in FY 1999, the United States and Israel agreed to a plan whereby Israel's annual economic assistance would be reduced in equal increments of 10 percent (equivalent to \$120,000,000 per annum), resulting in the ultimate phase out of the ESF program. In order to ensure Israel's continued security in the face of the loss of annual economic support, Israel requested and the United States agreed to, an annual increase in Foreign Military Finance equal to half the reduced ESF amount (or \$60,000,000).

By FY 2008, the authorities of this section will result in an aggregate annual reduction in authorized foreign assistance of \$600,000,000. Calculations made in this section are not intended to factor in rescissions or supplemental appropriations, and are intended to work from the original baseline figure from FY 1999 of \$1.2 billion in ESF.

TITLE VII—TRANSFERS OF NAVAL VESSELS

Sec. 701. Authority to Transfer Naval Vessels to Certain Foreign Countries

Section 701 provides authority to the President to transfer twelve naval vessels to Brazil, Chile, Greece, and Turkey. These naval vessels either displace in excess of 3,000 tons, or are less than 20 years of age. Therefore statutory approval for the transfers is required under 10 U.S.C. 7307(a).

The two PERRY class frigates proposed for transfer to Turkey under lease/sale authority were approved by Congress to be transferred to Turkey by sale in the fiscal year 2000 ship transfer legislation. Because of Turkish financial uncertainties caused by recent natural disasters, however, this proposal, which is in addition to the sale authority previously granted, is needed to give Turkey some flexibility in determining the most appropriate means to acquire the ships. Two KNOX class frigates are proposed in this section to be transferred to Greece on a grant basis.

Sec. 702. Inapplicability of Aggregate Annual Limitation on Value of Transferred Excess Defense Articles

Section 702 ensures that the value of naval vessels authorized for transfer by grant by this Act will not be included in determining the aggregate value of transferred excess defense articles.

Sec. 703. Costs of Transfers

Section 703 provides that all costs are to be borne by the foreign recipients, including fleet turnover costs, maintenance, repairs, and training.

Sec. 704. Conditions Relating to Combined Lease-Sale Transfers

Section 704 authorizes the transfer of high value ships on a combined lease-sale basis under Section 61 and 21 of the Arms Export Control Act (22 U.S.C. 2796 and 2761 respectively).

Sec. 705. Funding of Certain Costs of Transfers

Section 705 provides authorization for the appropriation of funds that may be necessary for the costs of the combined lease-sale transfers in order to satisfy the requirements of 2 U.S.C. 661c. These funds are authorized to be appropriated into the Defense Vessels Transfer Program Account, which was established in the fiscal year 1999 ship transfer legislation.

Sec. 706. Expiration of Authority

Section 706 provides that the transfers authorized by this Act must be executed within two years of the date of enactment. This allows a reasonable opportunity for agreement on terms and for execution of the transfer.

TITLE VIII—DEFINITION

Sec. 801. Definition

This section defines, for the purpose of this title, appropriate committees of Congress, as the Foreign Relations Committee and the Armed Services Committee of the Senate and the International Relations Committee and the Armed Services Committee of the House of Representatives.

III. COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the Committee provides the following estimate of the cost of this legislation prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 29, 2000.

Hon. JESSE HELMS, *Chairman,*
U.S. Senate Committee on Foreign Relations,
Washington, DC.

DEAR MR. CHAIRMAN:

The Congressional Budget Office has prepared the enclosed cost estimate for a bill to authorize appropriations to carry out security assistance for fiscal year 2001, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Summary

The bill would authorize \$3.9 billion for foreign military financing (FMF) and other security assistance programs in 2001. It would authorize the transfer of 12 naval vessels to foreign countries and otherwise address foreign policy. Assuming appropriation of the authorized amounts, CBO estimates that implementing the bill would cost about \$3.9 billion over the 2001–2005 period. Because it would not affect direct spending or receipts, the bill would not be subject to pay-as-you-go procedures.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated Cost to the Federal Government

The estimated budgetary impact of the bill is shown in Table 1. The costs of this legislation fall within budget functions 150 (international affairs) and 050 (national defense).

Basis of Estimate

The bill would affect spending subject to appropriation in two ways. In most instances, the bill would authorize program levels for 2001, and those amounts are shown in Table 2. In other instances, the bill would provide changes in areas where no program level authorization currently exists. While section 10 of Public Law 91–672 requires that appropriations for foreign assistance be authorized by law, that provision is routinely waived by foreign operations appropriation acts. Changes in authorizations are shown in Table 3 relative to the funding level for 2000.

For this estimate, CBO assumes that the authorized amounts will be appropriated by October 1, 2000. We also assume that outlays will follow historical patterns for the affected programs except for funds for Israel (as described below).

Authorization of Program Levels

The bill would authorize appropriations for program levels in several areas.

Foreign Military Financing. The bill would authorize the appropriation of \$3,627 million for FMF in 2001. Within that amount, the bill would earmark \$1,980 million for Israel and require the disbursement of the funds within 30 days of their appropriation or October 31, 2000, whichever is later. Requiring early disbursement would shift outlays of \$550 million into 2001 from 2002.

Other Programs. The bill would authorize appropriations of \$202 million for nonproliferation and antiterrorism assistance and \$65 million for international military education and training.

Table 1.—Estimated Budgetary Effects
[By Fiscal Year, in Millions of Dollars—Spending Subject to Appropriation]

	2000	2001	2002	2003	2004	2005
Spending Under Current Law for Security Assistance Programs:						
Budget Authority ¹	4,987	0	0	0	0	0
Estimated Outlays	3,309	2,525	1,201	279	17	6

Table 1.—Estimated Budgetary Effects—Continued
 [By Fiscal Year, in Millions of Dollars—Spending Subject to Appropriation]

	2000	2001	2002	2003	2004	2005
Proposed Changes:						
Estimated Authorization Level	0	3,925	0	0	0	0
Estimated Outlays	0	2,192	784	859	32	7
Spending Under the Bill for Security Assistance Programs:						
Estimated Authorization Level ¹	4,987	3,925	0	0	0	0
Estimated Outlays	3,309	4,717	1,985	1,138	49	13

¹ The 2000 level is the amount appropriated for that year.

Naval Vessel Transaction Fund. The bill would authorize the transfer of 12 naval vessels to foreign countries. The bill would authorize the sale of four vessels by installments to be paid over a number of years. The other eight would be given away.

CBO estimates the transfers would not affect outlays because we do not expect any of the four authorized sales to take place and because there would be no forgone receipts from giving away the other eight vessels. If the government did sell the four ships in installments of more than 90 days, such sales would meet the definition of direct loans subject to the requirements of the Federal Credit Reform Act of 1990 and would require an appropriation for the cost of the subsidy, which the bill would authorize in such sums as would be necessary. CBO estimates that the subsidy authorization would amount to about \$31 million based on information from the Department of Defense (DoD) and military attaches that the asking price for the four ships would be approximately \$170 million dollars. Because CBO expects that the countries would prefer that their ships be produced locally, we expect that the sales of those four ships and consequent outlays and offsetting receipts would not occur. That is, we estimate no outlays from the \$31 million authorization and no collections of sales receipts.

Table 2.—Authorizations of Program Levels
 [By Fiscal Year, in Millions of Dollars]

	2001	2002	2003	2004	2005
Foreign Military Financing:					
Authorization Level	3,627	0	0	0	0
Estimated Outlays	2,030	716	835	27	7
Nonproliferation and Antiterrorism Assistance:					
Authorization Level	202	0	0	0	0
Estimated Outlays	131	44	20	4	0
International Military Education and Training:					
Authorization Level	65	0	0	0	0
Estimated Outlays	31	24	4	1	0
Naval Vessel Transaction Fund:					
Estimated Authorization Level	31	0	0	0	0
Estimated Outlays	0	0	0	0	0
Total:					
Estimated Authorization Level	3,925	0	0	0	0
Estimated Outlays	2,192	784	859	32	7

Changes in Authorizations of Appropriations

In addition to authorizing program levels, the bill contains provisions that would lead to changes in future spending, assuming appropriations consistent with this bill, but for which no amounts are authorized or earmarked. In Table 3, those implicit changes to fu-

ture funding levels are shown relative to the funding level for 2000. Because these changes relate to programs not currently authorized and not authorized in this bill, the net change in outlays shown in Table 3—totaling –\$672 million over the 2001–2005 period—are not included in either Table 1 or Table 2.

Future Funding for Israel. The bill contains provisions that would combine to lower future aid to Israel. One provision would gradually eliminate grants to Israel from the economic support fund by reducing the authorization of future appropriations by \$120 million a year through 2008. (In 2001, the reduction would amount to \$11 million less or \$109 million because of the across-the-board cut required by Public Law 106–113.) Another provision would authorize that future FMF funding for Israel be increased by \$60 million each year over the same period.

Special Drawdown Authority. The bill would raise by \$50 million per year the limit on the President’s authority to draw upon the resources of DoD for various needs, including international emergencies. It would add antiterrorism and nonproliferation assistance to the purposes for which the special authority could be used. Other provisions of the bill would authorize the use of DoD’s resources to transport excess defense articles to Mongolia and would double the tonnage limit on excess defense articles that DoD may ship on a space available basis. Assuming the appropriation of the necessary funds, CBO estimates that the provisions would increase spending by \$233 million over the next five years.

Table 3.—Changes in Authorizations of Appropriations as Compared to the 2000 Levels of Appropriations
[By Fiscal Year, in Millions of Dollars]

	2001	2002	2003	2004	2005
Future Funding for Israel Economic Support Fund:					
Estimated Authorization Level	–109	–229	–349	–469	–589
Estimated Outlays	–109	–229	–349	–469	–589
Foreign Military Financing:					
Estimated Authorization Level	¹ (60)	120	180	240	300
Estimated Outlays	¹ (60)	120	180	240	300
Special Drawdown Authority:					
Estimated Authorization Level	50	50	50	50	50
Estimated Outlays	38	47	49	49	50
Total Changes from 2000:					
Estimated Authorization Level	–59	–59	–119	–179	–239
Estimated Outlays	–71	–62	–120	–180	–239

¹ The amount for 2001 is included in the authorized amounts shown in Table 2 and is not added into the total for this table.

Pay-As-You-Go Considerations

None.

Previous CBO Estimate

On April 6, 2000, CBO transmitted a cost estimate for S. 2382, the Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000. This bill is substantially the same as title VII of that bill. This bill, however, does not contain a section on export controls as in S. 2382, which would impose private-sector mandates and would have revenue effects. The two bills have different sections dealing with excess defense articles and transfer of obsolete articles in the war reserve stockpile for Israel, and those provisions

in this bill would not affect direct spending. Finally, this bill would authorize the transfer of fewer naval vessels.

Intergovernmental and Private-Sector Impact

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate Prepared By

Federal costs: Joseph C. Whitehill. Impact on state, local, and tribal governments: Leo Lex. Impact on the private sector: Jean Wooster.

Estimate Approved By

Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

IV. EVALUATION OF REGULATORY IMPACT

In accordance with rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has concluded that there is no regulatory impact from this legislation.

V. CHANGES IN EXISTING LAW

In compliance with paragraph 12 rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Foreign Assistance Act of 1961

* * * * *

SEC. 502. UTILIZATION OF DEFENSE ARTICLES AND SERVICES.—
 Defense articles and defense services to any country shall be furnished solely for internal security (*including for antiterrorism and nonproliferation purposes*), for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.

* * * * *

SEC. 506. SPECIAL AUTHORITY.—(a)(1) If the President determines and reports to the Congress in accordance with section 652 of this Act that—

(A) an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and

(B) the emergency requirement cannot be met under the authority of the Arms Export Control Act or any other law except this section;

he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, of an aggregate value of not to exceed **[\$100,000,000]** *\$150,000,000* in any fiscal year.

(2)(A) If the President determines and reports to the Congress in accordance with section 652 of this Act that it is in the national interest of the United States to draw down articles and services from the inventory and resources of any agency of the United States Government and military education and training from the Department of Defense, the President may direct the drawdown of such articles, services, and military education and training—

(i) for the purposes and under the authorities of—

(I) chapter 8 of part I (relating to international narcotics control assistance);

(II) chapter 9 of part I (relating to international disaster assistance); **[or]**

[(III) the Migration and Refugee Assistance Act of 1962; or]

(III) chapter 8 of part II (relating to antiterrorism assistance);

(IV) chapter 9 of part II (relating to nonproliferation assistance); or

(V) the Migration and Refugee Assistance Act of 1962; or

* * * * *

SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) * * *

(b)(1) * * *

[(2)(A) The value of such additions to stockpiles of defense articles in foreign countries shall not exceed \$60,000,000 for fiscal year 2000.

[(B) Of the amount specified in subparagraph (A), not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.]

(2)(A) The value of such additions to stockpiles of defense articles in foreign countries shall not exceed \$50,000,000 for fiscal year 2001.

(B) Of the amount specified in subparagraph (A) for fiscal year 2001, not more than \$50,000,000 may be made available for stockpiles in the Republic of Korea.

* * * * *

SEC. 516. AUTHORITY OF TRANSFER EXCESS DEFENSE ARTICLES.—
(a) * * *

* * * * *

(e) TRANSPORTATION AND RELATED COSTS.—(1) * * *

(2) EXCEPTION.—The President may provide for the transposition of excess defense articles without charge to a country for the costs of such transportation if—

(A) * * *

(B) * * *

(C) the total weight of the transfer does not exceed
[25,000] 50,000 pounds; and

* * * * *

SEC. 547. CONSULTATION REQUIREMENT.

The selection of foreign personnel for training under this chapter shall be made in consultation with the United States defense attache to the relevant country.

SEC. 548. RECORDS REGARDING FOREIGN PARTICIPANTS.

In order to contribute most effectively to the development of military professionalism in foreign countries, the Secretary of Defense shall develop and maintain a database containing records on each foreign military or defense ministry civilian participant in education and training activities conducted under this chapter after December 31, 2000. This record shall include the type of instruction received, the dates of such instruction, whether such instruction was completed successfully, and, to the extent practicable, a record of the person's subsequent military or defense ministry career and current position and location.

* * * * *

SEC. 574. AUTHORIZATIONS OF APPROPRIATIONS.—(a) There are authorized to be appropriated to the President to carry out this chapter [\$9,840,000 for the fiscal year 1986 and \$14,680,000 for the fiscal year 1987] \$73,000,000 for the fiscal year 2001.

* * * * *

CHAPTER 9—NONPROLIFERATION AND EXPORT CONTROL ASSISTANCE

SEC. 581. GENERAL AUTHORITY.

Notwithstanding any other provision of law that restricts assistance to foreign countries (other than sections 502B and 620A of this Act), the President is authorized to furnish, on such terms and conditions as the President may determine, assistance to foreign countries in order to enhance the ability of such countries to halt the proliferation of nuclear, chemical, and biological weapons, and advanced conventional weaponry. Such assistance may include training services and the provision of equipment and other commodities related to the detection, deterrence, monitoring, interdiction, and prevention or countering of proliferation, the establishment of effective nonproliferation laws and regulations, and the apprehension of those individuals involved in acts of proliferation of such weapons.

SEC. 582. PURPOSES.

Activities conducted under this chapter shall be designed—

(1) to enhance the nonproliferation and export control capabilities of friendly countries by providing training and equipment to detect, deter, monitor, interdict, and counter proliferation;

(2) to strengthen the bilateral ties of the United States with friendly governments by offering concrete assistance in this area of vital national security interest; and

(3) to accomplish the activities and objectives set forth in sections 503 and 504 of the FREEDOM Support Act (Public Law 502–511).

SEC. 583. TRANSIT INTERDICTION.

(a) **ALLOCATION OF FUNDS.**—In providing assistance under this chapter, the President should ensure that not less than one-quarter of the total of such assistance is expended for the purpose of enhancing the capabilities of friendly countries to detect and interdict proliferation-related shipments of cargo that originate from, and are destined for, other countries.

(b) **PRIORITY TO CERTAIN COUNTRIES.**—Priority shall be given in the apportionment of the assistance described under subsection (a) to any friendly country that has been determined by the Secretary of State to be a country frequently transited by proliferation-related shipments of cargo.

SEC. 584. LIMITATIONS.

The limitations contained in section 573 (a) and (d) of this Act shall apply to this chapter.

SEC. 585. AUTHORIZATION OF APPROPRIATIONS.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated to the President to carry out this chapter \$129,000,000 for the fiscal year 2001.

(b) **AVAILABILITY OF FUNDS.**—Funds made available under subsection (a) may be used notwithstanding any other provision of law and shall remain available until expended.

* * * * *

Chemical Weapons Convention Implementation Act of 1998

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SEC. 303. AUTHORITY TO CONDUCT INSPECTIONS.

(a) **PROHIBITION.**—No inspection of a plant, plant site, or other facility or location in the United States shall take place under the Convention without the authorization of the United States National Authority in accordance with the requirements of this title.

(b) **AUTHORITY.**—

(1) **TECHNICAL SECRETARIAT INSPECTION TEAMS.**—Any duly designated member of an inspection team of the Technical Secretariat may inspect any plant, plant site, or other facility or location in the United States subject to inspection pursuant to the Convention.

(2) **UNITED STATES GOVERNMENT REPRESENTATIVES.**—The United States National Authority shall coordinate the designation of employees of the Federal Government to accompany members of an inspection team of the Technical Secretariat and, in doing so, shall ensure that—

(A) a special agent of the Federal Bureau of Investigation, as designated by the Federal Bureau of Investigation, accompanies each inspection team visit pursuant to paragraph (1);

(B) no employee of the Environmental Protection Agency or the Occupational Safety and Health Administration accompanies any inspection team visit conducted pursuant to paragraph (1); and

(C) the number of duly designated representatives shall be kept to the minimum necessary.

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(c) *EXCEPTION.—The requirement under subsection (b)(2)(A) shall not apply to inspections of United States chemical weapons destruction facilities (as used within the meaning of part IV(C)(13) of the Verification Annex to the Convention).*

The Arms Control Export Act

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CHAPTER 7—CONTROL OF MISSILES AND MISSILE EQUIPMENT OR TECHNOLOGY

SEC. 71. LICENSING.—

(a) **ESTABLISHMENT OF LIST OF CONTROLLED ITEMS.—** * * *

(d) **EXPORTS TO SPACE LAUNCH VEHICLE PROGRAMS.—** [Within 15 days after the issuance of a license for the export of items valued at less than \$14,000,000 that are controlled under this Act pursuant to United States obligations under the Missile Technology Control Regime and intended to support the design, development, or production of a space launch vehicle system listed in Category I of the MTCR Annex,] *Within 15 days after the issuance of a license (including any brokering license) for the export of items valued at less than \$50,000,000 that are controlled under this Act pursuant to United States obligations under the Missile Technology Control Regime or are goods or services that are intended to support the design, utilization, development, or production of a space launch vehicle system listed in Category I or II of the MTCR Annex, the Secretary shall transmit to the Congress a report describing the licensed export and rationale for approving such export, including the consistency of such export with United States missile non-proliferation policy. The requirement contained in the preceding sentence shall not apply to licenses for exports to countries that were members of the MTCR as of April 17, 1987.*

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